

Medicare Part D Creditability Notice



Employers must comply with Medicare Notice Requirements

As a group health plan policyholder that provides prescription drug coverage to eligible individuals, you are subject to certain mandates due to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This law added a voluntary prescription drug benefit (Part D) to the Medicare program. Part D-eligible individuals can enroll in this prescription drug benefit. We've compiled the following information and resources to help you understand and comply with this law.

Annual notice requirement to CMS

PacificSource does not file the status of any group plan with the Centers for Medicare and Medicaid Services (CMS). Employers who provide group health plans with prescription drug coverage are responsible for completing the Online Disclosure to CMS Form to report the creditable coverage status of their plans. They must notify the CMS annually about the creditability of their prescription drug coverage. (See "What is creditable prescription drug coverage?" at right.)

Annual disclosure notice requirement

All employers who offer group health plans with prescription drug coverage must provide an annual disclosure notice to Part D-eligible individuals each year by October 15. It's hard to identify all employees and dependents enrolled in Medicare due to age, disability, or End-Stage Renal Disease (ESRD). We recommend providing the disclosure notice to all covered individuals to ensure compliance. (This includes covered dependents and retirees.)

What is the purpose of the disclosure notice?

The purpose of the disclosure notice is to inform Part D-eligible individuals that they can receive Medicare prescription drug coverage and may delay enrollment in Medicare Part D without penalty if covered under a group health plan with creditable prescription drug coverage.

To avoid the late enrollment penalty, individuals must enroll during their initial enrollment period (within 60 days of becoming eligible), the annual coordinated election period (October 15 to December 7), or a special enrollment period (within 63 days of involuntarily losing creditable coverage). The late enrollment penalty is 1% for each month after the first eligible month, and individuals may need to wait until the following October to enroll in Medicare Part D.

What is in the disclosure notice?

- Whether or not your group health plan's prescription drug coverage is creditable
- Information regarding opportunities to enroll in Medicare Part D and the employee's right to such information
- Financial assistance information
- Contact information for the Social Security Administration

What is creditable prescription drug coverage?

Coverage is creditable if it provides prescription drug coverage equal to or better than the standard Medicare Part D program.

How do I know if my plan is creditable?

PacificSource reviews its standard benefit designs annually to ensure they meet Medicare Part D creditable coverage requirements. You can use the pharmacy benefit summary to assess your prescription drug plan's creditability. If the materials don't provide enough detail, contact your sales representative for more information.

To find your state's Medicare Part D Creditability Matrix, visit [PacificSource.com/resources/documents-and-forms](https://www.pacificsource.com/resources/documents-and-forms), then search "Medicare Part D," and select the matrix for your state and year.

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Sample disclosure notices

These notices are based on the CMS model notices and should satisfy the content requirement for a disclosure notice:

- Sample disclosure notice for creditable plans: PacSrc.co/4o9Q1a3
- Sample disclosure notice for noncreditable plans: PacSrc.co/42dWic9

The sample notices are also available through PacificSource InTouch for Employers.

Timing for delivery of the disclosure notice

CMS recommends providing the disclosure notice to Part D-eligible individuals at least five times:

- Before October 15 each year (the annual coordinated election period)
- Before the period during which the individual becomes eligible to enroll in Medicare Part D (the individual's initial enrollment period)
- Before the effective date of coverage for any Part D-eligible individual that enrolls in your prescription drug coverage
- Whenever your prescription drug coverage ends or changes creditability status (See "Special enrollment period," below.)
- Upon request by the Part D-eligible individual

Special enrollment period

Part D-eligible individuals must be promptly notified of any change in their prescription drug coverage from creditable to noncreditable. If creditable coverage is lost by no fault of their own, they have a two-month window to enroll in a Medicare drug plan without penalty.

Method for delivering the disclosure notice

The notice can be sent separately or together with other plan participant materials, and it can also be sent electronically. If the notice is included with other plan participant materials, it must meet the "prominent and conspicuous" requirement. CMS provides an example of how this can be done by using bold-faced, 14-point type on the first page of the plan participant materials.

If you have Medicare or will become eligible in the next 12 months, a new federal law provides more choices for your prescription drug coverage. See page XX for more information.

More information

For more details on notice requirements and creditable coverage for Medicare Part D, visit CMS.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage.